

## Message Text

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NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAM-01 SAJ-01 SS-20 NSC-10 ACDA-19 EB-11 AEC-11 DRC-01

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P 131850Z FEB 74

FM USMISSION NATO

TO SECSTATE WASHDC PRIORITY 4051

SECDEF PRIORITY

C O N F I D E N T I A L SECTION 1 OF 2 USNATO 0784

E.O. 11652: GDS, 28-2-80

TAGS: MILI, NATO

SUBJ: THE ALLIANCE DEFENSE INDUSTRY AND TECHNOLOGY

SECDEF FOR ODDR&E-DR M.R. CURRIE AND CAPT F. CARRIER, AND OASD (I&L)  
FOR SECRETARY MENDOLIA AND C.F. FRANKE.

REFS: A. DPC/R(74)3, 11 FEB 74 B. PO/74/16, 12 FEB 74  
C. AC/259-D/307, 2 FEB 73

BEGIN SUMMARY. SEC GEN LUNS, IN A LETTER TO PERMREPS, HAS EM-  
PHASIZED THE NEED FOR THE CONFERENCE OF NATIONAL ARMAMENTS DIREC-  
TORS (CNAD) TO PRESENT TO THE COUNCIL AN ACTION PROGRAM FOR  
MILITARY TECHNOLOGY COOPERATION. SECOND, THE SEC GEN WANTS CNAD,  
WORKING WITH THE ECONOMIC COMMITTEE AND THE NATO INDUSTRIAL  
ADVISORY GROUP (NIAG) TO PRESENT TO THE COUNCIL AN ACTION PROGRAM  
FOR DEVELOPMENT AND MAINTENANCE OF A HEALTHY, EFFECTIVE ALLIANCE  
ARMAMENTS INDUSTRY. END SUMMARY.

1. AT A MEETING OF THE DEFENSE PLANNING COMMITTEE (DPC) OF 18  
JAN 74 (REF A) THE ASSISTANT SECRETARY GENERAL FOR DEFENSE SUPPORT  
(DR. GARDINER TUCKER, US) PROPOSED THAT THE DPC SHOULD DIRECT THE  
CNAD TO RESPOND TO THE COUNCIL ON PROBLEMS (AND THEIR SOLUTIONS)  
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RELATED TO STANDARIZATION AND INTEROPERABILITY. DR. TUCKER SUG-  
GESTED THAT THE DPC SHOULD ASK CNAD TO IDENTIFY THE POLITICAL  
ACTIONS WHICH WOULD BE REQUIRED TO ALLOW THE ALLIANCE TO ACHIEVE  
THE PROGRESS REQUIRED FROM THE TECHNOLOGICAL AND MILITARY POINT

OF VIEW. DR. TUCKER FURTHER POINTED OUT THAT AT THE PRESENT TIME CNAD WAS WORKING CLOSELY WITH SHAPE WHICH EXPECTED TO IDENTIFY THE MILITARY ADVANTAGES OF STANDARDIZATION IN SEVERAL FIELDS.

2. BY LETTER TO PERMREPS OF 12 FEB 74 (REF B) THE SEC GEN HAS DIRECTED THE ATTENTION OF THE COUNCIL TO THE PROBLEMS OUTLINED ABOVE. IN ADDITION HE EMPHASIZED THE IMPORTANCE OF DEVELOPING AND MAINTAINING A HEALTHY AND EFFICIENT ARMAMENTS INDUSTRY. USNATO COMMENT. TO ACHIEVE THE GOAL SET FOR THE ALLIANCE DEFENSE INDUSTRY, EACH NATIONAL GOVERNMENT SHOULD TAKE A HARD LOOK AT THE OBSTACLES TO COOPERATION AS DESCRIBED BY THE NIAG AND PRESENTED TO THE CNAD AT ITS MEETING OF MARCH 1973 (REF C). THE NIAG HAS CONFIRMED AT ITS MEETING OF FEB 1974 THAT IN ITS VIEW THE OBSTACLES REMAIN RELATIVELY UNCHANGED. IN MISSION VIEW CNAD HAS GIVEN ONLY SUPERFICIAL ATTENTION TO NIAG PLEASE FOR COOPERATION AND SUPPORT IN THE PAST.

END COMMENT.

3. TEXT OF LETTER (REF B) FOLLOWS. BEGIN QUOTE.

TO: PERMANENT REPRESENTATIVES (COUNCIL)  
FROM: SECRETARY GENERAL

THE ALLIANCE DEFENCE INDUSTRY AND TECHNOLOGY

CONTINUING NATO SECURITY REQUIRES NOT ONLY THAT OUR AGGREGATE FORCES HAVE A CURRENT CAPABILITY TO DEFEND AGAINST WARSAW PACT FORCES, BUT ALSO THAT OUR AGGREGATE DEFENCE INDUSTRY HAVE THE CAPABILITY TO PRODUCE A QUALITY AND QUANTITY OF ARMAMENTS SUFFICIENT TO MAINTAIN THAT CAPABILITY OVER TIME. OVER THE LAST SEVERAL YEARS THERE HAS BEEN A DYNAMIC EXPANSION OF SOVIET AND EASTERN EUROPEAN INDUSTRIAL CAPABILITY AND OF THEIR SPECIFIC MILITARY PRODUCTION CAPACITY. THE SOVIETS FOR EXAMPLE NOW HAVE THE WORLD'S LARGEST NUCLEAR SUBMARINE PRODUCTION FACILITIES. DURING THE LAST FEW YEARS THERE HAS BEEN BY CONTRAST A PROGRESSIVE  
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CONTRACTING ON THE ARMAMENTS PRODUCTION OF WESTERN INDUSTRY. SHOULD THE SOVIETS THROUGH THEIR EXPANSION AND OUR CONTRACTION REACH A STAGE AT WHICH THEIR CAPACITY TO PRODUCE EXCEEDED OURS IN SEVERAL KEY DEFENCE AREAS, THEY WOULD THEN BE IN A POSITION TO INITIATE A RACE IN THE PRODUCTION OF ARMS WHICH WOULD BE VERY THREATENING TO NATO.

2. IN THE LONG-TERM THE QUALITATIVE OR TECHNOLOGICAL BALANCE WITH THE WARSAW PACT IS OF EVEN GREATER IMPORTANCE TO NATO SECURITY THAN THE QUANTITATIVE BALANCE. THIS POINT IS ILLUSTRATED BY THE INTRODUCTIONS IN RECENT YEARS OF NEW SURFACE-TO-AIR, ANTI-TANK AND CRUISE MISSILE TECHNOLOGIES WHICH SIGNIFICANTLY DEGRADED THE COMBAT-EFFECTIVENESS OF TACTICAL AIRCRAFT,

TANKS AND NAVAL SHIPS, AT LEAST UNTIL EFFECTIVE TECHNOLOGICAL COUNTERS EMERGED. IN A NUMBER OF CASES THE EFFECTIVE TECHNOLOGICAL LEAD IN SUCH WEAPONS HAS BEEN TAKEN BY THE SOVIETS.

3. THESE DEVELOPMENTS HAVE MADE EVIDENT HOW ESSENTIAL IT IS TO THE LONG-TERM SECURITY OF NATO THAT THE ALLIANCE MAINTAIN A CLEAR LEAD IN MOST AREAS OF IMPORTANT MILITARY TECHNOLOGY, AND A CAPACITY TO RESPOND QUICKLY TO TECHNOLOGICAL SURPRISES FROM THE WARSAW PACT.

4. THEREFORE OUR DEFENCE INDUSTRIAL CAPABILITY MUST NOT ONLY BE ADEQUATE IN ITS CAPACITY BUT ALSO MODERN IN ITS TECHNOLOGY AND EFFICIENT IN ITS PRODUCTION. TO REACH THESE OBJECTIVES OVERALL ECONOMIC STRENGTH AND HEALTH ARE NECESSARY BUT NOT SUFFICIENT.

5. WHILE GREAT STRIDES HAVE BEEN MADE BY MEMBERS OF NATO IN THE INDIVIDUAL AND COLLECTIVE DEVELOPMENT OF THEIR ECONOMIES, THEIR DEFENSE INDUSTRY, OVER THE LAST FEW YEARS, HAS BEEN LAGGING AND ITS CONTINUING DECLINE COULD JEOPARDIZE OUR SECURITY.

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TO SECSTATE WASHDC PRIORITY 4052

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C O N F I D E N T I A L SECTION 2 OF 2 USNATO 0784

6. MOREOVER, THE RESOURCES WE ARE DEVOTING TO DEFENCE TECHNOLOGY ARE NOT PROVIDING THE CLEAR AND COMPREHENSIVE WESTERN LEADERSHIP WHICH WE MUST HAVE, NOR BEING INVESTED IN A MOST EFFECTIVE MANNER TOWARDS THIS END.

7. IT WOULD OF COURSE BE DESIRABLE TO HAVE GREATER RESOURCES ALLOCATED BY THE MEMBER COUNTRIES TO DEFENCE. WHATEVER THE LEVEL, HOWEVER, WE MUST MAKE SURE THAT THE RESOURCES WHICH ARE ALLOCATED ARE UTILIZED EFFICIENTLY TO PROVIDE THE TECHNOLOGY AND THE INDUSTRIAL CAPACITY WHICH ARE ESSENTIAL, AS WELL AS THE CURRENT FORCES.

8. I BELIEVE THE COUNCIL MUST TAKE TWO ACTIONS. THE FIRST IS TO DIRECT THE CONFERENCE OF NATIONAL ARMAMENTS DIRECTORS, WITH THE ASSISTANCE OF ITS SUBSIDIARY BODIES, TO PREPARE AND PRESENT TO THE COUNCIL A PROGRAMME OF SPECIFIC ACTIONS REQUIRED TO BRING THE OVERALL ALLIANCE EFFORTS IN MILITARY TECHNOLOGY INTO A CO-ORDINATED AND EFFICIENT WHOLE. THE SECOND IS TO DIRECT THE CONFERENCE OF NATIONAL ARMAMENTS DIRECTORS, WITH THE ASSISTANCE OF THE ECONOMIC COMMITTEE AND THE NATO INDUSTRIAL ADVISORY GROUP, TO PREPARE AND PRESENT TO THE COUNCIL A PROGRAMME OF SPECIFIC ACTIONS REQUIRED TO FACILITATE THE DEVELOPMENT AND MAINTENANCE OF A HEALTHY AND EFFICIENT OVERALL ALLIANCE ARMAMENTS  
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DEFENCE INDUSTRY AND TO REMOVE ANY ECONOMIC FISCAL MONETARY OR OTHER BARRIERS TO THAT GOAL. AS THESE BODIES DISCOVER THE NEED FOR FURTHER GUIDANCE OR ENCOUNTER PROBLEMS THEY CANNOT RESOLVE, THEY SHOULD BRING THESE MATTERS PROMPTLY TO THE ATTENTION OF THE COUNCIL. THE ASSISTANT SECRETARY GENERAL FOR DEFENCE SUPPORT SHOULD CO-ORDINATE THESE ACTIONS AND REPORT OVERALL PROGRESS AT LEAST EVERY SIX MONTHS.

9. I INTEND TO PLACE THIS SUBJECT ON THE AGENDA OF THE COUNCIL SOON. (SIGNED) JOSEPH M.A.H. LUNS.  
END QUOTE.  
MCAULIFFE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 11 JUN 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 FEB 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974ATO00784  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS, 28-2-80  
**Errors:** n/a  
**Film Number:** n/a  
**From:** NATO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740267/abbrytfr.tel  
**Line Count:** 191  
**Locator:** TEXT ON-LINE  
**Office:** n/a  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** A. DPC/R(74)3, 11 FEB 74 B. PO/74/16, 12 FEB 74 C. AC/259-D/307, 2 FEB 73  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** garlanwa  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 APR 2002 by kellew0>; APPROVED <27-Aug-2002 by garlanwa>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** THE ALLIANCE DEFENSE INDUSTRY AND TECHNOLOGY  
**TAGS:** MILI, NATO  
**To:** STATE  
**SECDEF**  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005